

Opening Statement of the Honorable Fred Upton
Subcommittee on Health
Hearing on “Examining the 340B Drug Pricing Program”
March 24, 2015

(As Prepared for Delivery)

Since its creation in 1992, the 340B program has provided critically important pharmaceutical drugs at a discounted price to a range of entities providing health care to some of our nation's most needy and vulnerable patients. These facilities include community health centers, Ryan White clinics, state AIDS Drug Assistance programs, as well as a range of qualifying hospitals.

Through the years, the program has allowed covered entities to stretch scarce resources to better serve millions of patients in Michigan and across the country who are uninsured, underinsured, or dependent on programs like Medicaid and Medicare.

I've seen the great work this program does in my district. From the Bronson Health System in the Kalamazoo area, to Lakeland in Berrien and Cass Counties to Allegan General Hospital in the north to the numerous Family Health Centers, the 340B program has ensured that many of my underserved constituents have access to affordable, lifesaving medicine. There's no doubt that the 340B program has played an important role in helping reduce costs while also extending access.

I am pleased that our committee today will have the opportunity to learn more about some of the issues facing the 340B program. This committee has not held a hearing on the program since 2005, but there have been important changes to the program in recent years.

- The program was expanded under the Affordable Care Act and more types of providers were allowed to participate as covered entities.
- Since HRSA guidance in 2010, there has been a rapid expansion of the use of contract pharmacies.
- GAO and the Inspector General's office have raised some concerning findings about the mixed successes of current oversight of the program.
- More recently, HRSA – the agency charged with overseeing the 340B program - has found itself unable to successfully promulgate binding regulations, thus hampering its ability to effectively manage the program.

As a strong supporter of the 340B program, I believe there has been, and will continue to be, an important role for the program. However, some of the findings from the careful work conducted by the GAO and Inspector General's Office are of concern. I appreciate GAO, OIG, and HRSA coming today to help the committee better understand the challenges HRSA and the program face.

We look forward to learning what steps HRSA is taking to strengthen the program for all the patients – the uninsured, seniors, Medicaid patients, and the insured patients – which are served by covered entities. It is in the interest of good government to see program integrity strengthened, the program's operating parameters clarified, and the program's rules consistently enforced. I believe that the biggest supporters of the program should be the biggest champions of ensuring the 340B program is well-run in a manner that is transparent and accountable to all stakeholders.

I look forward to hearing from our witnesses.

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